

## **Summary of Information about USDA Rural Development Grants**

This summary is based on information presented at the training sessions in Nicolet and South Central library systems, as well as additional conversations with the staff at the state USDA Rural Development office. The grants are administered by Rural Development Offices. To find the closest Rural Development Office go to [www.rurdev.usda.gov/wi/programs/rhs/library/WI-Area-Office-Map.pdf](http://www.rurdev.usda.gov/wi/programs/rhs/library/WI-Area-Office-Map.pdf)

Additional information about the grants is available on the Rural Development web site at [www.rurdev.usda.gov/wi/](http://www.rurdev.usda.gov/wi/). Click on the bar at the top called “Business and Community” and then on “Community Facilities Direct Loans and Grants.”

### **What is the Purpose of the USDA Rural Development Office?**

The Rural Development office is a federal lending agency that is intended to help rural America, and to improve life in rural areas. The Office provides assistance in the form of loans and grants. The awards are primarily loans guaranteed by the USDA. Some loans are made directly through USDA; others are indirect and involve getting the loan through a local lending agency. (The USDA guarantees 90% of the loan value.) Up to 20% of the funds are distributed as grants to communities that have a loan through the program.

### **How Much Money Is Available In Wisconsin?**

The Rural Development grants are not new. They have been available for a long time and some libraries have received funding through the program. What is new in 2010 is that \$15 million in federal stimulus dollars (ARRA—American Recovery and Reinvestment Act) has been added to the allotment and the money is earmarked for libraries. Of the \$15 million, \$2.5 million is available to Wisconsin. Although the \$2.5 million is earmarked for libraries, libraries are also eligible under the regular program. Sometimes if one state exceeds their allotment, money is shifted from other states that have not used all theirs, to cover all the applications in other states.

In addition, some areas of southern Wisconsin are also eligible for disaster funding because of the flooding. That funding is administered directly at the federal level.

### **Who Is the Applicant**

USDA Rural Development awards are given to municipalities when a public library is involved. But non-profit agencies and Indian Tribes are also eligible applicants, as long as they fit the population and poverty levels set by the program. The municipality must apply on behalf of a library. The application can include several projects—if the municipality needs a new library and a fire station, both projects can be included in one application.

### **Are All Types of Libraries Eligible?**

Public school libraries are not eligible. This was one of the questions the Wisconsin Office asked the federal office when the ARRA funding was announced. Special and other multi-type libraries owned by non-profit organizations might be eligible, but must meet several criteria. The library must have hours during which they are open to the public. The library should offer some type of programming for the public. And the entity that own and operates the library must be located in the rural community.

### **Is the Money Available a Grant or a Loan?**

Awards usually are capped at \$100,000, but it is anticipated that the library grants this year may go as high as \$200,000. Typically the awards are 80% low interest loans and 20% grants. It is unlikely that a

library will be awarded a grant until they have a loan with the USDA. It is anticipated that the interest rate for April-June 2010 will be 4.125. The rate is finalized at the time of closing.

When an application is reviewed the ability of the municipality to repay the loan is considered. Another consideration is the useful life of the building or materials included in the project

The project is expected to be modest and suitable in terms of size and cost. Priority is given to communities with high poverty rates. The process will take into account any other grants the project has secured, as well as fund raising efforts.

The loan portion of an award must be used completely before any grant is awarded. A community can't decline the loan and still be eligible for a grant.

### **Which Municipalities Are Eligible?**

Municipalities interested in applying must have a population under 20,000. If a library's service area includes more than one municipality, none of them can exceed 20,000. The total population of different municipalities is not compiled. Each must be under 20,000.

Municipalities with high poverty levels receive priority. The poverty rate is based on the Median Household Income (MHI).

### **How Can the Funding Be Used?**

The money can be used to buy land for future development, remodel an existing library, remodel an existing building to allow the library to move into it, and new construction. The cost can include architectural fees and legal costs.

It can also be used to buy library equipment, including computers, seating, and shelving. Bookmobiles and vehicles that might be used for outreach services can be purchased with the rural development funding. However, since one purpose of ARRA is to help create jobs, the first priority will be for construction.

### **What is the Application Deadline?**

The process is non-competitive and uses a rolling cycle. Each application is reviewed as it is submitted. If everything is in order the application is forwarded to Washington DC for approval. All eligible projects are funded until all the money is used.

The ARRA funding must be distributed by the end of September 2010. It takes about 45 days to process an application so to qualify for the ARRA funding, an application should be submitted by early August. Since the awards are made to eligible applicants until funds are exhausted, there may be an advantage to applying early in the process. However, if an application misses the deadline for the ARRA funding, it will be considered for non-ARRA funding.

### **How Hard Is The Application Process?**

These are federal applications, so they are not simple. However, the application itself covers every program that USDA administers, so no one project completes every element of the application. Because these applications are non-competitive, the Rural Development Office assigns an Area Office Specialist to work with any community interested in applying. This Specialist walks applicants through the process,

explains what is needed, and what parts of the application will need to be completed. The Specialists help with the pre-application which has 8 elements. This is used to determine initial eligibility. The Specialist then helps the municipality prepare for the Feasibility Review.

The Davis-Bacon Act does apply to new construction projects and to remodeling projects. This federal law required that the federal prevailing wage, determined by the nearest municipal area's prevailing wage scale, be paid to everyone working on the project, including subcontracted work.

It's important to consult with a Specialist, before bids go out or contracts are signed, so that required elements can be addressed. Bids are reviewed by the Specialists. The funding also can be used to cover the preliminary architectural plan and the environmental review required for new construction.

Librarians and public officials who have worked with the Rural Development Office in the past said their assigned Specialists were very helpful, patient, and very nice.

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